CITY UNION BANK LIMITED

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C.O/Shares/LR-5/2026-27

August 01, 2026

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai 400 051

BSE Ltd.,
DCS – CRD,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai 400 001

Scrip Code: CUB

Scrip Code: 532210

Sir / Madam,

Sub: Transcripts of the Earnings Conference Call – Q1 FY 2027

Pursuant to Regulation 46 of SEBI Listing Regulations, 2015 as amended, the Bank has hosted in its website the transcript of Earnings Conference Call – Q1 FY 2027, with regard to the Standalone Un-Audited Financial Results of the Bank for the Quarter ended June 30, 2026, as approved by the Board of Directors of the Bank, on July 28, 2026. The weblink is given below:

https://cityunionbank.bank.in/filemanager/Aug26/CUB_Earnings_Con-call_Jul28-2026.pdf

Kindly take the same on record.

Thanking you

Yours faithfully
for **CITY UNION BANK LIMITED**

VENKATARAMANAN SRINIVASAN

Digitally signed by VENKATARAMANAN SRINIVASAN
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Venkataramanan S
Company Secretary &
Compliance Officer

"City Union Bank Limited 1QFY27 Earnings Conference Call"

July 28, 2026

MANAGEMENT:	**MR. R. VIJAY ANANDH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, CITY UNION BANK LIMITED** **MR. V. RAMESH – EXECUTIVE DIRECTOR, CITY UNION BANK LIMITED** **MR. J. SADAGOPAN – CHIEF FINANCIAL OFFICER, CITY UNION BANK LIMITED**
MODERATOR:	**MR. JIGNESH SHIAL - AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to City Union Bank Limited 1QFY27 Earnings Conference Call hosted by Ambit Capital Private Limited.

As a reminder, all participant lines will be in listen-only mode, and there'll be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Jignesh Shial from Ambit Capital. Thank you and over to you, sir.

Jignesh Shial: Thank you, Nirva, and good evening, everyone. On behalf of Ambit Capital, I would like to welcome you all to 1QFY27 earnings call of City Union Bank. We have along with us Mr. R. Vijay Anandh – MD and CEO; Mr. V. Ramesh – Executive Director; and Mr. J. Sadagopan – CFO.

I will now hand over the call to Mr. R. Vijay Anandh – MD and CEO, for his opening remarks. Over to you, sir.

R. Vijay Anandh: Thanks, Jignesh. Good evening, everyone. I have been joined by my ED, Shri Ramesh and CFO, J. Sadagopan and other senior colleagues in this room. Hearty welcome to all of you for this con-call to discuss the unaudited financial results of City Union Bank for the first quarter of FY2027.

The Board approved the Results today and I hope you all have received the copies of results on the presentation. Before we get into the results, it's truly a great honour and privilege to lead the 122-year-old franchisee. I thank the board, regulator and shareholders for approving my candidature. My sincere gratitude to my predecessor, Dr. N.

Kamakodi, for his mentorship and steadfastly supporting the smooth transition of leadership.

At this juncture, I want to congratulate our director, Professor V. Kamakoti, who was conferred with prestigious Padma Shri award in recognition to his contribution to the nation. I hope you all have received the notice of the annual general meeting to be held on 14th August '26, which will happen face-to-face at Kumbakonam and also through the virtual mode. On behalf of the board, I invite you all to participate in the AGM.

During 4QFY26 con-call, we have stated our expectations for FY '27. With respect to advances, we should be 2%-3% over and above the credit growth of the industry. Our focus on MSME will remain the same. Gold loans and secured retail will be an additional enhancer, but MSME proportion will continue to dominate. Our business through the third party, which is DSAs, on an overall bank book, we envisage only 1%-2%. Our focus on secured products will continue for the year.

Our long-term average numbers with respect to PAT, ROA, and NIM will hold good, and we hope the positive momentum will continue. So, these were the discussions we had at the end of Q4. Largely, we are in line with the expectations conveyed in the last quarter call.

During the last financial year, we have achieved double-digit credit growth in all the four quarters. For 1QFY27 as well, we have achieved 25% credit growth quarter-on-quarter, the highest growth rate in June-to-June and our advances had increased to Rs. 67,645 crores from Rs. 54,020 crores in 1QFY26.

As stated in our earlier calls, with improved efficiency level aided by core loan growth, coupled with digital lending process, we have achieved consistent credit growth and we hope that current trend will continue.

Deposits:

Our deposits stood at Rs. 79,342 crores for 1QFY27 as compared to Rs. 65,734 crores in 1QFY26, registering a growth of 21%. As you all know, we always measure by average CASA and not by terminal deposits. The average CASA grew by 22% in 1QFY27 to Rs. 20,062 crores compared to Rs. 16,478 in the corresponding period last year. Sequentially also, it has improved since 1QFY26, i.e. for five consecutive quarters. Our CD ratio for this quarter is at 85%, which is the level we indicated in our last call as well. With respect to the benefit given by RBI on FCNR deposits till now, the bank has mobilized a fresh deposit of Rs. 150 crores.

Asset Quality:

On the asset quality front, for the current quarter, the total slippages are around Rs. 195 crores, while the total recovery is Rs. 206 crores, consisting of Rs. 182 crores of live NPA and Rs. 24 crores of technically written-off accounts. So, the trend of recovery more than slippages continues, and we are confident of maintaining recovery more than slippages for the next quarter as well, which is the current quarter.

Our Gross NPA has reduced to 1.73% in 1QFY27. Both Gross NPA and Net NPA, in both percentage and absolute terms, have been reducing quarter-by-quarter for the past 12 quarters continuously. When compared to 1QFY26, the GNPA has reduced from 2.99% to 1.73% which is almost 126 bps reduction. Similarly, in our Net NPA, we have reduced to Rs. 405 crores and the Net NPA percentage is to 0.61% in 1QFY27 while the Net NPA was at 1.20% in 1QFY26 which is the reduction of 59 bps on Y-o-Y basis.

Again, overall SMA2 to total advance for the past 3 quarters is less than 1%. Based on our discussions with cross-section of our borrowers from various industries, we learnt and observed that the domestic consumption remained largely insulated from the impact of West Asia crisis.

For the 1QFY27, PCR provision coverage ratio with technical write-offs stood at 85% which has improved from 79% during the corresponding period last year. For the current quarter, PCR without a technical write-off has improved to 65% compared to 61% during the corresponding period last financial year. Over the past 8 quarters or so, we have steadily and continuously improved our PCR.

Our interest income had grown by 24% in 1QFY27 and increased to Rs. 1,985 crores from Rs. 1,605 crores in 1QFY26. Our yield on advances stood at 9.79% for the current quarter, which is equal to our 4QFY26 level of almost 9.80%.

On the cost side:

Our cost of deposits stood at 5.56%, marginally lower than 5.60% in the previous quarter (i.e., 4QFY26), due to repricing benefits. Our NIM for 1QFY27 stood at 3.78%. With term deposit rates on the verge of rising due to high demand, we expect the cost of deposits may slightly increase in the next few quarters, which will impact NIM levels by around 5 bps; once the situation eases, it will come back to normal. Hence, we expect largely the NIM to be in the range of 3.65% to 3.70% in the next few quarters.

During 1QFY27, the bank invested around Rs. 700 crores in mutual funds which generated an income of Rs. 12 crores. This income has been classified under other income. Consequently, the yield on investments have declined to 6.42% in 1QFY27 from 6.61% in 4QFY26. Had the mutual fund income been recognized under interest income instead of other income, the yield of investments would have been 6.67% rather than the reported figure of 6.42% for the current quarter.

Our operating profit had grown by 29% and stood at Rs. 581 crores compared to Rs. 451 crores in corresponding period last year. By the way, this is the highest operating profit achieved by us. We had achieved a PAT growth of 25% and our PAT stood at Rs. 383 crores in 1QFY27 which is again the highest in our bank history as against Rs. 306 crores in 1QFY26.

Our cost-to-income ratio for 1QFY27 have reduced to 45.42% from 46.15% in 4QFY26. As we have discussed earlier, our cost-to-income ratio will be in the range of 47% to 48% for few quarters. The ROA is in tune with our long-term average and it is at 1.57% in 1QFY27 compared to 1.55% in the corresponding period last year.

To sum up:

With our best efforts, we have achieved consistent double-digit growth for the past two years. We will continue to explore various avenues of advances growth in addition to our core strength of MSME. We are very conscious in improving our credit growth through only secured lending while venturing into other avenues to achieve credit growth at least two, three percent over and above that of the industry.

Our deposit growth is aligning with our credit growth which is helping us to maintain the desired CD ratio. We expect the NIM to hover around 3.65% to 3.70%. ROA is expected to be in our current level of 1.55 plus. Our PAT growth will continue with business growth and better asset quality. Our cost-to-income ratio will remain in the range of 47% to 48% for FY27.

Thanks a lot. Open the question queue.

Moderator: Thank you very much. We will now begin with the question-and-answer session. First question is from the line of Parth Gutka from 360 ONE Capital. Please go ahead.

Parth Gutka: My first question was on margins. Of course, you gave the guidance that cost of funds is expected to increase in the next couple of quarters. But if I look at slightly longer term, FY27, FY28, what will be the levers for margin improvements? Because what I am seeing is, the yields on the lending side are sort of stagnant or sort of improving not so materially. So, is it fair to say that, the only lever for margin expansion is the cost of funds? Or how are you looking at it?

R. Vijay Anandh: I think broadly, we focus on MSME gold loans, as you would be aware. I think we are maintaining a decent rate on gold loans, which will continue to give the returns as expected. And retail is also picking up nicely for us in secured lending. So, broadly to explain, in gold loan space, we are around 10 to 10.50% for agri and 11 to 11.50% for non-agri. Broadly, we are at 9.60%, 9.70% in our LAP book in retail and we are around 9.30%, 9.40% in MSME. So, we are slightly confident of maintaining this. And traditionally, you would be aware that we are not the highest payers in deposits. So, we will maintain the same cost of funds in terms of deposits as well. And hence, this trend should continue and more or less, we should be there with 3.70%, 3.750% range on a long term.

Parth Gutka: Okay, sir. And my second question was, what led to the increase in cost of funds for this quarter?

R. Vijay Anandh: We have come down on cost of funds. Repricing, we have done better repricing and borrowing cost has come down.

Parth Gutka: Okay. So, that's largely because of the borrowing cost, right?

R. Vijay Anandh: Right.

Moderator: Thank you. Next question is from the line of Subramanian K from Itus Capital. Please go ahead.

Subramanian K.: My first question is on the gold loan. So, as everyone is expanding in taking market share of the gold loan, how do you see the competition going forward? And what would be the strategy to continue growth in this segment?

R. Vijay Anandh: Thank you, sir. Broadly, the competition is there in all the spaces, not necessarily on gold loans, but every type of firm, whether it is banks or NBFC, typically they have their own customer base. The kind of customers, I think we are predominantly branch-driven customer base and we get the customers who walk into the branch and pledges and do the transactions. I think we are at 30%, 31% as we speak today, and we expect it to be in the same range of 31%, 32%. We don't expect it to go up and hence we don't see much threat to gold loans from the competition at these junctures.

Subramanian K.: Okay, got it. So, the second is on the MSME. So, currently the system MSME is growing pretty strong, but we are growing at 15% range. So, what are the reasons for this growth, this 15% growth? Is it going to continue this range or is there any specific reason for the MSME growth?

R. Vijay Anandh: The market is good, the consumption is good, and the funding is also the function of asset quality. The asset quality has been given benefit to us and even if you see MSME bank like us have Rs. 900 crores of repayment per month, so every quarter we almost come down by Rs. 2,700 crores. So, in spite of that, we could move this engine quite faster based on the consumption and the market and the asset quality, and we envisage this to grow 2%, 3% more than the system growth. That's our expectation on this.

Subramanian K.: Okay, but I am asking specifically MSME. I think the system-level MSME is growing faster, I think more than 20%, but our loan book is growing at 15%. So, is it some reason like you are maintaining asset quality, or is it like you are a bit cautious in terms of lending?

R. Vijay Anandh: We were always cautious on lending, so it's not. So, if you see one of the major reasons, there are a couple of reasons I would say. Okay, one is Rs. 900 crores of repayment per month and most importantly only in this quarter we have seen this, the unutilized portion which our utilization used to be 73% on an average, this has come down to 70%. So, the utilization level has dropped from 73% to 70% and we are also slightly cautious on pricing now. I think combination of these three factors, you would have seen some drop, but actually I would say that it is not a drop because with Rs. 900 crores of repayment and utilization coming down by 3%, I think we are very fairly poised for good growth and pricing we are conscious of what we have taken up also.

Moderator: Thank you. Next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas: My first question was with regard to debit cost and the slippage numbers. I wanted to understand the industry is actually going through a purple patch, especially the MSME industry and there are not too many write-offs on the government side. So, from a one- or two-year perspective, what should be a number that we should be comfortable with in terms of our slippage and also our credit cost guidance?

R. Vijay Anandh: If you see credit cost at a steady state, we should be around 0.40. That's a number we see once it stabilizes. We don't envisage to go up much for sure with respect to credit cost. The other question was on write-off, is it?

Sonal Minhas: No, slippage.

R. Vijay Anandh: The recovery continues to be more than slippages. We have been doing this for the last 10 quarters almost and we expect this continue for this quarter as well. So, we don't see much change to this and our slippages, whatever we have committed in the last year that what we will achieve this year, I think we are on Rs. 700 crores to Rs. 750 crores of the number which we discussed. I think the slippages would be in the same range.

Sonal Minhas: Okay. So, from a one-year, two-year guidance also, this is the slippage number we should be around in a percentage basis as well, like around 1% and 1.25%?

R. Vijay Anandh: Yes, 0.40 for credit cost and 1.20%, 1.30% should be the number. Yes, you are broadly right.

Moderator: Thank you. Next question is from Brian of Jayant Kharote from Axis Capital. Please go ahead.

Jayant Kharote: My question is again on the growth. If I am correct, you have guided for above system growth by a couple of 200, 300 basis points. If that is to be kept with the mix intact between gold and non-gold, SME needs to grow much higher, sir, right? Closer to around 20% or 18%, 19%, which is not happening right now. So, how do you plan to catch up during the rest of the year? And not just SME, if you could also talk about other products outside gold, how do you ensure the mix doesn't change as you achieve your growth target for the future? And if you can add some numbers on SME guidance.

R. Vijay Anandh: So, I will broadly categorize into three. We have three major sets of products. One is MSME, one is gold loans, one is retail. As we said in the previous calls as well, we would be on the gold loan between 31%, 32%. MSME would be around 55%, 60% and the remaining would be 10%, book should be retail secured. That's what broadly the plan is. We aren't changing the goalpost much. Probably if I would have got the utilization of the same level, what was happening for the last at least 10, 12 quarters, we would have been another 2%, 3% more in MSME. That would have happened because traditionally we used to be 73%, 74% on our utilization. As I said before, this has come down to 70. So, we had a drop of 3%, 4%. So, it's again, the utilization is a function of the business utilized, how much they're utilizing and how is the business growing. So, that's going to continue. In terms of MSME growth, as I said before, we will not hesitate to grow. Probably the asset quality is fantastic. I think the growth on MSME is going to be

2%, 3% more than the credit system growth, and we are quite confident of that.

Jayant Kharote: Okay. So, the next question is on the branch rollout. You have up fronted this year's branch rollout and we see OPEX growth has come in healthy 15.5. How should we think about the rest of the year on OPEX? And given where you are on the OPEX, why the ROA guidance to 1.55 from 1.65? I mean, is there anything that we are missing in the ROA tree?

R. Vijay Anandh: So, largely the branch opening is done, as you rightly said, but our hikes are from July. So, as we speak, the staff hike is from day after tomorrow. So, we expect the cost to move up. That's basically the reason why we said our CIR would be in the range of 47 if you see our commentary. So, we are quite confident of maintaining the cost-to-income at 47%. We are currently at 45 as we speak. In terms of ROA, I think we wanted to be a realistic in the numbers what we commit. So, with 1.60%, 1.65% ROA, I think that's the number which we are looking at in terms of the exit ROA. My other income should also comfortably move up. That's round the corner. Considering this, I think if you see Q2, Q3, Q4 of last year, we were in the range of 259 and in the Q4 we moved almost close to Rs. 300 crores, if you see our Q4 other income. We are currently in this quarter at Rs. 243 crores in the other income. So, with 243 to 300, 320, even if you replicate the same last year's performance and retail just picking up, I think 1.65% ROA is visible. That is the visibility for 1.60% to 1.65% there.

Jayant Kharote: Sir, you said that is the exit ROA, right?

R. Vijay Anandh: Yes, exit ROA.

Jayant Kharote: Okay. And full year you are expecting in between 1.55% to 1.60%?

R. Vijay Anandh: 1.55% to 1.65%.

Jayant Kharote: Understood.

Moderator: Thank you. Next question is from the line of Aman from ICICI Securities. Please go ahead.

Aman: Hi, sir. Thank you for the opportunity. The cost of funds has picked up during the quarter despite moderation in the cost of deposits. So, can you help us understand that?

R. Vijay Anandh: Sir, that is mainly because of the other borrowing and refinance, whatever we have. The Q4 cost was around Rs. 72.50 crores, which has increased to Rs. 94 crores during Q1. That's the main reason.

Aman: So, what would be the borrowing cost for the bank?

R. Vijay Anandh: Rs. 94 crores for the quarter.

Aman: Okay. Got it. And sir, second question, if you can spell out the treasury gains during the quarter?

R. Vijay Anandh: The total treasury gains are around Rs. 52 crores for the current quarter. Last Q4, it was Rs. 29 crores.

Moderator: Thank you. Next question is from the line of Pritesh Bumb from DAM Capital Advisors. Please go ahead.

Pritesh Bumb: Just a few questions. One is, have you participated in the ECLGS scheme? Have you sanctioned anything, and have you disbursed as well?

R. Vijay Anandh: Yes, we have participated as we speak today. Last quarter, it was Rs. 200 crores, and till today, we are at Rs. 800 crores, and it's pretty decent.

Pritesh Bumb: So, in terms of context, how much will be the portfolio eligible in terms of the portfolio?

R. Vijay Anandh: So, we expect ECLGS to be in the range of Rs. 2,000 crores to Rs. 2,500 crores totally for this under the scheme.

Pritesh Bumb: We are going to sanction everything, or is it that there is just the eligibility, but we are going to do it as it comes?

R. Vijay Anandh: Based on the merits and whoever is eligible, they will be entitled to this scheme.

Pritesh Bumb: Right. So, the second question was on the SMA side. I think you mentioned that for multiple quarters we have been less than 1%. But any particular rise quarter-on-quarter, or any trends in that, where we could know that the stress is rising as a trend, or this West Asia crisis is not a problem for us?

R. Vijay Anandh: I think if this was not West Asia crisis, I think it was not a big issue as of now. Whatever we speak is as of now for us. I think ECGLS is something which was fabulous, which came at the right time because there were not any stress. I have been meeting customers. We have gone and met multiple customers on this space. I think most of the customers are not showing any stress and it's only the working capital cycle for that ECGLS has helped them to come back to normal. So, as such, we have not seen any stress and our numbers are also speaking on the same. One, the visit, what we did for the customers is comfortable. Second, the backing up for the same is percentage of SMA to advances is less than 1%. And not only SMA2, even SMA0 and SMA1, we are seeing of the lowest quarter-on-quarter. I think we have not seen much stress on this space because of West Asia crisis.

Pritesh Bumb: Sure. Third question was on utilization levels. You mentioned that it has actually dropped this quarter, given that whatever is happening in the economic standpoint of you, it is surprising that utilization levels have gone down actually. Because you mentioned that the ECLGS requirement came in at the right time. So, why would utilization level drop? Any analysis on that?

R. Vijay Anandh: Utilisation is normally a function of the business, how it goes, and what the requirement is. And it's good if somebody is very conscious of how they are utilizing, then from a credit perspective, you feel comfortable. Typically, when the market is good, the utilization will be as high as 80%, 75% to 80%, and for an industry which is probably not in great and the margins are lesser, it will be around 60%. So, on average, you get 75%, 73%, 74% to be on utilization. And if somebody is conscious of what they are utilizing, I think it's a good sign. We keep monitoring this very closely. And we don't see it as an issue. If you are a primary banker and if you are monitoring where the money is going and where the money is coming from, and if you can understand them better, I think more or less, the 'Kundali' is there with you, and you feel more comfortable. I think we have not seen much crisis.

Pritesh Bumb: Right. And lastly, sir, our fee income this quarter looks slightly lower than what we have built in the last one year. So, as you mentioned that it builds up over the year, but looks like 15% year-on-year, 19% decline a little bit, looks like a little bit lower. So, any thoughts on that? Because that is also an important lever for ROA to move.

R. Vijay Anandh: Yes, hopefully we will catch it up, Q2-Q3-Q4. Hopefully we will catch.

Pritesh Bumb: But that will be driven by disbursement, higher disbursements or will it be driven by any other fee income line item? What will be the driver in your view?

R. Vijay Anandh: Probably the factors contributing to other income would be processing fee and suit recovery and the insurance income. I think if these three can deliver, we will be as per the plan. And processing fee is a function of what we disburse, which is functional to the business. Suit recovery, again, is from what we collect from write-off recoveries. And insurance income is something which we always keep it at last because we really don't push that much. So, it's a function of what is happening in these three heads broadly, other than the treasury income which we could scale it up till almost Rs. 390 crores, Rs. 400 crores. We expect this to grow as well in the quarters to come. We are quite confident of that, hopefully.

Pritesh Bumb: Got it, sir. Sir, last question, I couldn't get the treasury income number, sir. I missed that number.

R. Vijay Anandh: 52.54 is the number.

Moderator: Thank you. Next question is from the line of Punit Bahlani from Dolat Capital. Please go ahead.

Punit Bahlani: Hi, sir. Thanks for taking my question. So, firstly, on the yield bit, looks like the yield increase is driven by gold loans because the portfolio yield there is higher. But some peers had highlighted that because of the strong increasing competition in this segment, they had to cut down the yields. Have we cut out any yields in our portfolio for the gold loan bit or are we still going with the same yield?

R. Vijay Anandh: We haven't changed any rate of interest for gold loans. We are at the same rate, and we continue to do the same. We have not seen much to it.

Punit Bahlani: Okay. Got it. Also, on the utilization levels that you commented, that they are dropping down because just extending other participants' questions, is could competition be a reason for utilization levels coming down? Because across other peers, we heard that, you know, working capital utilization levels are going up because of the demand, higher treasury yields, everything. So, any comment on that? And also, what would be the disbursement, MSME disbursement growth, Y-o-Y or Q-o-Q, if you could highlight that?

R. Vijay Anandh: So, competition cannot be a function for utilization, that too when you are a primary banker for majority of your book. Utilization, again, is a function of a business niche. And it's just not that the utilization keeps on rising because, as I said a couple of minutes before, the type of industry, the demand, the supply, and other stuff. And some of the businessmen were also really cautious on what was happening in Q1. And people are really gung-ho about the future business prospects considering the European agreement which has been signed, particularly in the textile space. So, we are really not much concerned on the utilization level. We are confident that this would slightly go up above the threshold as well, considering the future prospects of the European agreement what textiles have signed with India, with Europe. So, that part is, we are quite confident. On disbursement, our average MSME disbursal is around Rs. 3,500 crores per quarter.

Punit Bahlani: Sir, last bit on the ECL bit. What are we planning? I guess we are giving a guidance of 1.6%, 1.55% ROAs. Are we planning to make ECL provisions throughout the year or what is the plan there, basically?

R. Vijay Anandh: Predominantly, you would be aware that we are completely a secured player. So, we have more or less to be 0.45% of the loan book to be on ECL. And we should not disturb as much because we are one of the banks with a very decent capital adequacy ratio and our consumption should not be more than 0.65% on the CAR. So, with 0.45%, we expect the figure to be there and with 0.65% consumption from the capital adequacy, I think nothing much we need to worry for at this juncture.

Punit Bahlani: Got it. And anything on the flow basis, if you have done analysis incrementally, that will be negligible because it is a secured book?

R. Vijay Anandh: Very, very negligible. Materialistically, not a big number.

Moderator: Thank you. Next question is from the line of Jai Mundhra from ICICI Securities. Please go ahead.

Jai Mundhra: First question, sir, I wanted to know if Dr. Kamagodi, sir, is associated with the bank in any form or manner? And did he apply to become a Non-Executive Director? And did you get any visibility there?

R. Vijay Anandh: Thanks, Jai. Thanks for the question. Yes, Dr. Kamagodi continues to be a good friend for us. We definitely have a good discussion. And he will be on the CSR. We have a separate CSR foundation, as you would be aware, and he continues to head the CSR foundation. With respect to Non-Executive Director, I think we should ask only him. I haven't asked till now. Probably, I will check it up with him and come back to you for sure.

Jai Mundhra: Okay, sure. Secondly, sir, if you can quantify the SMA 01 and 02 numbers as of June for our bank?

R. Vijay Anandh: Yes, we are at 1.20% on SMA 0, 0.70% on SMA-1 and 0.90% on SMA-2. Total 2.85%

Jai Mundhra: So, this is broadly stable, right? This is broadly stable from last…

R. Vijay Anandh: Coming down. If you see, Jai, you remember, we used to be around 10.78% in September '24. We dropped down to 7.12% in June '25. From 7.12%, we are at 2.85% So, that's the kind of asset quality which has been built in over the period of a year.

Jai Mundhra: Right. But, sir, let us say one year back, we were at 7%, then when you do your ECL calculation, right, the slippage is very low, the book is secured. But because we have, let us say, higher percentage of SMA-1 plus 2 earlier, the assessment is as of now is only 65 basis point of capital required, right? That is the assessment on ECL as of now.

R. Vijay Anandh: Yes, exactly right. We almost, there is a drop of Rs. 50 crores close to the assessment, what we have done. Probably, if we would have simulated this ECL a year back, our requirement would have been another Rs. 150 crores-Rs. 180 crores more, probably 0.45% would have become 0.60%, 0.65%, and our capital would have dropped by 0.90% or so. So, that's the benefit which we have got on the better asset quality.

Jai Mundhra: Sure, sir. And secondly, sir, on that loan mix, we have loans to business enterprises, right? So, how is it different from MSME? I mean, what is...

R. Vijay Anandh: Business enterprises is a non-MSME.

Jai Mundhra: Okay. But then there are large industries also. So, what is this business enterprise? Is this service, non-service, manufacturing?

R. Vijay Anandh: When there is no URC, we consider this as a non-business, non-MSME loan, which is 18,827 Mn, what has been shown. Large industries and services are predominantly MSME only. And these are quite large corporates kind of stuff.

Jai Mundhra: Okay. So, if there is no Udyam registration, then it will fall into business enterprises?

R. Vijay Anandh: Correct. Which will be a non-MSME loan.

Jai Mundhra: Right. Sure. And sir, lastly, on gold loan, so we have average yield at 10.6%. Have you increased it, let's say, over the last one year, or this is broadly stable, there is no change in the pricing?

R. Vijay Anandh: So, last one year, we have increased around 20-25 bps, we have increased in the last one year.

Jai Mundhra: Okay. So, now, sir, let us say gold loan growth is still very strong. Why can't you increase it by, let's say, 100 basis points and let the growth fall? It will still be, I mean, there seems to be less elasticity here. So, if you want to calibrate the gold loan growth, you can actually increase the pricing or that is not really possible?

R. Vijay Anandh: It's not possible. Predominantly in agricultural sector, we are really there for the genuine need for the customers who want to harvest. After harvesting, who wants to take it to the mandi and from that mandi who wants to sell. Genuinely, we are there in the agricultural space. So, really, we don't want to burden them. That's one set of thought process. The second set is NAJL. I think we are quite comfortable with what we are doing at 10.50%, 11.00%. We really don't want to go overboard and do this for the customers. Probably, we might look at 0.1%, 0.2%, if necessary, and if all the other players increase it. Just for the sake of this, we don't want to do this.

Jai Mundhra: Okay. And, sir, is there any difference in yield between retail and agri gold loan or they are broadly similar?

R. Vijay Anandh: Agri gold loan is 100 bps lesser. So, that's what I said. Genuinely, we are there for agri. So, we lend it at least 100 bps lesser than what we do it for others.

Jai Mundhra: Right. And, sir, why is there the non-agri gold is very strong, right? Roughly 40%, 45% versus agri gold loan. Agri, I believe, is linked to your PSL and agri requirements. But any reason why the retail gold loan growth is still very strong?

R. Vijay Anandh: Retail gold loan predominantly is always strong because your consumption, when it goes up, this is the cheapest source of fund from a player like us because they end up in paying 10.5%, 11%, or 11.5% to be precise. The number two is, it is easily, I mean, you want the money in the next one, two hours. I think that's a best form of product which can get them at a very less cost. So, NAGL, which is non-agri-gold loan, is always going to be a demand-driven product compared to agri. Agri is more for a specific use and non-agri is for consumption. It can be for emergency or it can be for your business needs. So, you have various things coming out. Hence, it's always going to be there, Jai, like this. One more thing. It is also the function of increase in purchase. So, we used to be at 700, we moved to 800 and now we are at 1,000 branches as we speak. So, it's a branch-led product. Agri is a branch-led product. So, when your distribution goes up, your business also goes up and it is a function of 700 to 1,000 branches what you are seeing now in uptick. And in spite of that, we are saying we are at 31, and while we have the capability to grow more, even at this current rate, we would be more comfortable with 33. I think the slide number 24 says it all rather, we build a book which is quite comfortable rather than getting into overboard.

Jai Mundhra: Right. And last question there again on this, how do you benchmark the, let's say, per gram limit for gold? So, let's say the per gram limit is

14,000 today, you do 71% of that or you apply some moving average or there is some floor ceiling or this is a daily continuous changing rate.

R. Vijay Anandh: So, we don't change it daily. We see the price movement at least for a month or so, and then we change the price. So, the change of price is not the function of when the price goes up, immediately we move up. So, just to give you an overall perspective, at the current market price today, our average LTV is at 62%. To be very precise, 62.07%. So, when we see this market going up for the next, say, two, three weeks, then we think to increase the rate. In terms of drop, we are quite cautious, we see how steadily the rates are dropping and immediately we come into this. So, to answer, while we landed at 65% LTV, today our price is at 62, at a 5% drop, we will be at 65% LTV. At a 10% drop, we will be at 69% LTV. At a 15% drop, we will be at 73% LTV. And at a 20% drop, we will be at 78% LTV. So, I think broadly we are comfortable in this prices.

Moderator: Thank you. Next question is from the line of Pushpit Jain from Ambit Capital. Please go ahead.

Pushpit Jain: My first question was on the asset mix part. So, this large industry that you have denoted, it is a small portion of the book, but is it like related to the ECLGS like disbursement?

R. Vijay Anandh: No. It is a proper funding. It is not an ECGLS funding. Just to give you clarity, we classify this as a large industry when the turnover is Rs. 750 crores and above. That is how we have classified. It is a function of that disbursal what we have done for this.

Pushpit Jain: Okay, sure. There is a sequential surge in this book. So, can you explain what is relating it to?

R. Vijay Anandh: No, we were at Rs. 22,500 Mil in 31st December 2025. We dropped down to 15,000 Mil and we moved to 19,000 Mil. Function of two things, one is utilization level, other one is the rates were not conducive, they wanted to exit, we said fine. So, those customers exited us because of the yield pressure. We do not want to reduce the rate and number two is on utilization level. These are the broad things.

Pushpit Jain: So, secondly, like I missed like the interest paid on borrowings that was Rs. 94 crores this quarter, right?

R. Vijay Anandh: Yes, 94.

Pushpit Jain: And how do you see the cost of deposits and cost of funds going from here?

R. Vijay Anandh: Cost of deposits slightly moderated to 5.56% from 5.60% in Q4. Going forward also, probably it may be in the range of 5.60% to 5.70% and the borrowing cost of present status of Rs. 94 crores to continue for the next two quarters.

Moderator: Thank you. Next question is from the line of Akhilesh from North Rock LLC. Please go ahead.

Akhilesh: Hi, sir. Thank you for taking my question. So, firstly, specifically in the agri-gold loan, what is the LTV similar to the overall LTV or is it different?

R. Vijay Anandh: Agri-LTV will be slightly higher, 5% or higher. I think 5%-7% it should be higher than the non-agri.

Akhilesh: Understood. And second on the OPEX to assets of the cost-to-income, considering if you look at over the next couple of years, maybe three to four years' time horizon, considering our aspiration to grow ahead of the system, how much potential do we think we have for positive operating leverage from here on?

R. Vijay Anandh: Cost to income?

Akhilesh: Yes, on a cost-to-income or an OPEX to assets basis.

R. Vijay Anandh: I think three years is a long vision, at least for me. So, cost-to-income, our aspiration is to be less than 45%. That's the number which we are looking at. And all the work are getting for that only. Hopefully, we should be there. We want to be less than 45%.

Akhilesh: And, sir, in the MSME and LAP segments, any purposes regarding maybe moving higher or lower on the ticket sizes going forward?

R. Vijay Anandh: Our ticket sizes have always been stable. Most importantly, we aren't chasing higher ticket sizes. When I say higher ticket sizes, we really are not keen to do abovet Rs. 10 crores from a lot of perspectives. However, for my existing to bank customer basis, the track we are looking at, so our ticket sizes are broadly going to be more or less in the same range. We don't expect it to go up. We are more comfortable with granular.

Akhilesh: Understood. And, sir, lastly, data keeping question, what would be the average LCR for the quarter?

R. Vijay Anandh: We are at 150%.

Moderator: Thank you. Next question is from the line of Param Subramanian from Investec India. Please go ahead.

Param Subramanian: Just one broader question. So, we are seeing a lot of the Tamil Nadu based lenders doing very well on growth, on margins, asset quality, and they're also very positive about the future. So, I heard you speak about, say, the textiles opportunity. But if you would call out, say, in the MSME in the industry sort of lending, what are the drivers that is causing such optimism? If you could just speak a little broadly about that, be it semiconductors, auto parts, what are the opportunities you are saying that, will drive this strong MSME growth?

R. Vijay Anandh: It's not only Tamil Nadu. Everywhere, wherever we are operating, it's pretty decent. But particularly, textiles space in Tirupur has been very positive on the momentum. And if you come to this side, Sriperumbudur, you have a big auto automobile space, which we have a lot to cover, by the way, our share can considerably go up there. And we are overall positive on consumption. I mean, the business is really taking off in other specs as well. So, we expect this momentum to continue, whatever we are talking to the clients. We have been in the paper space, we went to the paper industry, paper industry is also been doing well in, in Kangeyam Palladam, corrugated boxes. These are also in a really good shape. So, hopefully the trend continues, I think most of us should definitely do well.

Param Subramanian: Sure, sir. And you expect this sort of net slippage trend of, zero to negative, that sort of continuing for the foreseeable future, is it?

R. Vijay Anandh: We have given it for this quarter. Hopefully, if your words come true, we should continue.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to Mr. R Vijay Anandh, MD and CEO, for closing comments.

R. Vijay Anandh: Thanks a lot. I think broadly, we were in line with the expectations of what our deposit growth is getting aligned with our credit growth, I think, which is helping us to maintain the LDR levels of the desired range. As we discussed during the call, we expect the NIM to be in a range of 3.65% to 3.70%. Our ROA is also expected to be at the current level, we don't see much issues there. And better asset quality, we would like to continue better business growth with better asset quality. And we want to maintain the cost to income at the desired level with automation with AI in some of the spaces, what we plan to invest, which we have invested and the operational space we have invested much in AI, I think, we should get this cost further coming down. Hopefully, we would like to maintain this momentum and continue for this quarter. Thanks a lot to everyone. That's it.

Moderator: Thank you very much. On behalf of Ambit Capital Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.